

BOARD OF SUPERVISORS
Finance/Government Services Committee

INFORMATION ITEM

SUBJECT: FY 07 Second Quarter Revenue & Expenditure Update

ELECTION DISTRICT: Countywide

BACKGROUND: Since FY 01, staff has provided the Finance/Government Services Committee with periodic updates on the implementation of the current year's budget. Year-to-date information has generally been provided on a quarterly basis. For this item, projections incorporate data through December 31, 2006. In addition, beginning with the first quarter FY 06 review, staff has prepared quarterly performance measurement updates that include year-to-date information on agency performance measures provided in the adopted budget document. This information has been included under separate cover.

Projections based on six months' data are highly problematic, with seasonal variations and major revenue and expenditure events still pending for the remainder of the year. However, the Committee may note the following preliminary trends:

1. Current year (FY 07) revenue is projected to finish the year \$18.3 million above budget. Real property and BPOL revenue will exceed budget, although by less than prior years, while permit revenue, recordation taxes and taxes on deeds will fall substantially short, reflective of continuing softening in land development activity. Second half FY 07 real property revenue is based on the proposed 93.2¢ rate for the Spring 2007 collection.
2. General government operational expenses are projected to end the year about \$4 million, or 1.2%, under budget, due largely to anticipated savings in contractual services and leases and rentals. Savings in operations and maintenance will be partially offset by anticipated personnel expenditures.

This item is accompanied by staff's 2nd Quarter FY 08 projection (Attachment 1). It should be noted that the Board's fiscal policy requires the designation of a fiscal cash liquidity reserve that is equivalent to 10% of total governmental net fund operating revenues. The FY 07 fiscal reserve is estimated at \$105 million, based on FY 06 net fund operating revenue data. Current projections indicate that the requisite addition to the fiscal reserve will be substantially less than in prior years. In addition, the FY 08 Proposed Fiscal Plan anticipates \$13.3 million in carryover from the Spring 2007 collection in addition to \$39 million in FY 06 General Fund balance.

As previously stated, the second quarter projection remains somewhat problematic, with half of the fiscal year still remaining. Actual revenue and expenditures are likely to deviate due to unforeseen circumstances and the economic environment. The revenue and expenditure projection process plays a key role in the development of current and future years' financial expectations. Over the next several months, staff from Management and Financial Services and other County agencies will continue to refine their revenue and expenditure projection models, with the next formal update anticipated after March 31, 2007.

ATTACHMENTS: 1. – FY 07 Revenue and Expenditure Update

STAFF CONTACTS: Kirby M. Bowers, County Administrator
Mark Adams, Ben Mays and Ari J. Sky, Management and
Financial Services

FY 07 Revenue and Expenditure Update
Activity Through December 31, 2006

| General Fund Revenue | FY 07 Adopted ¹ | FY 07 Revised ² | FY 06 Prior Year-to-Date ³ | FY 07 Year- to-Date ⁴ | FY 07 Proj. Total | FY 07 Proj. Balance |
|--|-------------------------------|-------------------------------|--|-------------------------------------|----------------------|------------------------|
| Current Real Property ⁹ | \$526,523,823 | \$526,523,823 | \$227,191,714 | \$263,682,947 | \$548,093,000 | \$21,569,177 |
| Current Public Service Property | 10,545,000 | 10,545,000 | 8,005,805 | 6,986,603 | 12,559,000 | 2,014,000 |
| Penalties & Interest | 3,388,000 | 3,388,000 | 1,926,641 | 1,578,968 | 3,300,000 | (88,000) |
| Current Personal Property ⁵ | 115,044,000 | 115,044,000 | 59,980,020 | 51,531,240 | 120,000,000 | 4,956,000 |
| Delinquent Real Property | 3,000,000 | 3,000,000 | 1,207,593 | 2,142,217 | 3,500,000 | 500,000 |
| Delinquent Personal Property | 2,200,000 | 2,200,000 | 1,621,378 | 2,481,079 | 3,200,000 | 1,000,000 |
| Heavy Equipment ⁶ | 1,450,000 | 1,450,000 | 883,378 | 1,015,111 | 2,000,000 | 550,000 |
| Machinery & Tools ⁷ | 1,150,000 | 1,150,000 | 563,724 | 588,630 | 1,150,000 | 0 |
| Local Sales & Use | 44,500,000 | 44,500,000 | 14,839,289 | 14,471,686 | 44,500,000 | 0 |
| Utility Taxes | 9,230,000 | 9,230,000 | 3,190,464 | 4,004,932 | 9,230,000 | 0 |
| Short-Term Rentals | 290,000 | 290,000 | 145,775 | 146,451 | 310,000 | 20,000 |
| Cable TV/Open Video Franchise Licenses | 1,325,948 | 1,325,948 | 339,625 | 364,781 | 1,400,000 | 74,052 |
| Hotel & Motel Rooms (TOT) | 1,640,000 | 1,640,000 | 515,041 | 619,538 | 2,125,000 | 485,000 |
| Total Local Tax Funding: | \$720,286,771 | \$720,286,771 | \$320,410,447 | \$349,614,183 | \$751,367,000 | \$31,080,229 |
| Other Local Revenue | | | | | | |
| Business, Prof. & Occup. Licenses (BPOL) | \$23,176,950 | \$23,176,950 | \$7,405,867 | \$1,904,040 | \$26,000,000 | \$2,823,050 |
| Permits & Privilege Fees | 22,916,712 | 22,916,712 | 10,139,026 | 7,685,682 | 15,600,000 | (7,316,712) |
| Fines & Forfeitures | 2,088,052 | 2,088,052 | 1,027,423 | 955,764 | 1,915,000 | (173,052) |
| Use of Money & Property | 8,791,336 | 8,804,901 | 2,570,830 | 4,240,004 | 10,200,000 | 1,395,099 |
| Charges for Services | 22,694,000 | 22,848,250 | 9,691,344 | 9,347,865 | 21,548,250 | (1,300,000) |
| Recovered Costs | 6,161,000 | 6,237,389 | 2,533,904 | 2,835,486 | 6,332,000 | 94,611 |
| Other Financing Sources ⁸ | 2,917,000 | 3,309,280 | 1,630,222 | 2,244,665 | 3,232,065 | (77,215) |
| Motor Vehicle Licenses | 4,801,300 | 4,801,300 | 4,349,463 | 4,521,533 | 5,000,000 | 198,700 |
| Bank Franchise Taxes | 600,000 | 600,000 | 0 | 11,916 | 600,000 | 0 |
| Recordation Taxes/Taxes on Wills | 18,026,000 | 18,040,395 | 8,692,616 | 5,187,921 | 11,000,000 | (7,040,395) |
| Miscellaneous Revenue | 434,000 | 904,505 | 1,489,000 | 1,403,795 | 1,500,000 | \$595,495 |
| Total Other Local Revenue: | \$112,606,350 | \$113,727,734 | \$49,529,695 | \$40,338,671 | \$102,927,315 | (\$10,800,419) |
| Total Local Revenue | \$832,893,121 | \$834,014,505 | \$369,940,142 | \$389,952,854 | \$854,294,315 | \$20,279,810 |
| Commonwealth Aid | | | | | | |
| State Non-Categorical Aid | \$11,271,600 | \$11,271,600 | \$4,507,404 | \$3,333,246 | \$8,801,600 | (\$2,470,000) |
| State Shared Expenses | 9,043,852 | 9,357,377 | 3,977,131 | 5,473,254 | 9,857,377 | 500,000 |
| State Categorical Aid | 11,040,000 | 12,231,968 | 3,899,760 | 3,896,790 | 12,231,968 | 0 |
| Total Commonwealth Aid: | \$31,355,452 | \$32,860,945 | \$12,384,295 | \$12,703,290 | \$30,890,945 | (\$1,970,000) |
| Federal Payments | | | | | | |
| Payments in Lieu of Taxes | \$3,000 | \$3,000 | \$1,769 | \$1,798 | \$1,798 | (\$1,202) |
| Federal Categorical Aid | 7,889,000 | 17,288,424 | 4,724,455 | 4,519,208 | 17,288,424 | 0 |
| Total Federal Payments: | \$7,892,000 | \$17,291,424 | \$4,726,224 | \$4,521,006 | \$17,290,222 | (\$1,202) |
| Total General Fund Revenue: | \$872,140,573 | \$884,166,874 | \$387,050,661 | \$407,177,150 | \$902,475,482 | \$18,308,608 |

FY 07 Revenue and Expenditure Update
Activity Through December 31, 2006

| General Government Operations | FY 07 Adopted ¹ | FY 07 Revised ² | FY 06 Prior Year-to-Date ³ | FY 07 Year- to-Date ⁴ | FY 07 Proj. Total | FY 07 Proj. Balance |
|---|-------------------------------|-------------------------------|--|-------------------------------------|----------------------|------------------------|
| Personnel | \$201,816,498 | \$204,204,898 | \$81,341,618 | \$93,759,814 | \$207,116,639 | (\$2,911,741) |
| Operations & Maintenance | | | | | | |
| Contractual Services | \$28,205,469 | \$36,843,395 | 20,155,034 | 23,551,851 | \$34,668,738 | \$2,174,657 |
| Internal Services | 15,543,776 | 15,405,128 | 3,525,132 | 3,243,760 | 14,800,119 | 605,009 |
| Utilities | 3,680,048 | 3,668,088 | 974,268 | 1,069,515 | 2,518,113 | 1,149,975 |
| Communications | 2,444,913 | 2,523,727 | 1,075,956 | 1,312,622 | 2,632,505 | (108,778) |
| Insurance | 802,675 | 815,891 | 799,001 | 858,411 | 877,110 | (61,219) |
| Materials, Supplies & Minor Equipment | 11,819,280 | 17,700,826 | 7,498,091 | 9,217,037 | 18,100,000 | (399,174) |
| Travel & Training | 1,393,126 | 1,618,980 | 508,342 | 646,276 | 1,541,526 | 77,454 |
| Miscellaneous | 1,940,092 | 2,119,314 | 803,200 | 849,237 | 1,532,732 | 586,582 |
| Contributions to Other Entities | 12,468,384 | 18,190,407 | 7,688,146 | 8,169,816 | 16,868,504 | 1,321,903 |
| Public Assistance Payments | 5,679,801 | 6,144,910 | 5,040,590 | 2,894,006 | 6,052,919 | 91,991 |
| Leases & Rentals | 6,676,081 | 6,850,948 | 4,979,527 | 4,918,351 | 5,418,351 | 1,432,597 |
| Other Operations & Maintenance | 93,000 | 93,000 | 768 | 0 | 93,000 | 0 |
| Total Operations & Maintenance: | \$90,746,646 | \$111,974,614 | \$53,048,055 | \$56,730,882 | \$105,103,617 | \$6,870,997 |
| Capital Outlay & Construction | | | | | | |
| Capital Outlay | \$5,495,726 | \$4,559,091 | \$2,566,457 | \$2,200,372 | \$4,559,091 | \$0 |
| Capital Construction | 718,710 | 276,772 | 712,332 | 237,122 | 276,772 | 0 |
| Total Capital Outlay & Construction: | \$6,214,436 | \$4,835,863 | \$3,278,789 | \$2,437,494 | \$4,835,863 | \$0 |
| Other Expenditures | | | | | | |
| Contingencies | \$1,500,000 | \$1,435,271 | \$0 | \$0 | \$1,435,271 | \$0 |
| Total Other Expenditures: | \$1,500,000 | \$1,435,271 | \$0 | \$0 | \$1,435,271 | \$0 |
| Total General Government Operations: | \$300,277,580 | \$322,450,646 | \$137,668,462 | \$152,928,190 | \$318,491,390 | \$3,959,256 |

Notes:

¹FY 07 Adopted reflects budget as originally adopted by the Board of Supervisors.

²FY 07 Revised includes supplemental appropriations, changes and additions made since original adoption.

³Prior Year-to-Date data includes revenue, expenditures and outstanding encumbrances through 12/31/05.

⁴Year-to-Date data includes revenue, expenditures and outstanding encumbrances thru 12/31/06.

⁵Current Personal Property combines actual collections, computer equipment and State reimbursements made under the Personal Property Tax Relief Act, plus taxation of mobile homes and aircraft.

⁶Heavy Equipment also includes Satellite Manufacturing Equipment.

⁷Machinery & Tools also includes delinquent Machinery & Tools tax revenue.

⁸Other Financing Sources includes sales of material and transfers into the General Fund from other funds.

⁹FY 07 Real Property estimates the Spring collection at the proposed general rate of \$0.932. This estimates does not include revenue from the Fire/EMS tax.